



**INTERNATIONAL RESCUE COMMITTEE,
BOSNIA-HERZEGOVINA**

**SUPPORTING SUSTAINABLE MINORITY RETURN IN BOSNIA-
HERZEGOVINA THROUGH INCREASED ECONOMIC OPPORTUNITY**

**AS PART OF
THE COMMUNITY REINTEGRATION AND STABILIZATION PROGRAM
(CRSP)**

**FOR THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
(AGREEMENT #168-G-00-03-00103-00)**

**FINAL REPORT
(23 JUNE 2003 – 31 JULY 2004)**

I. EXECUTIVE SUMMARY

The International Rescue Committee (IRC) successfully completed implementation of its 13-month project entitled, *Supporting Sustainable Minority Return in Bosnia and Herzegovina through Increased Economic Opportunity* under USAID's Community Reintegration and Stabilization Program (CRSP). The project aimed to build sustainable minority return in Bosnia and Herzegovina. This was achieved through the provision of integrated enterprise development support, grants and partially recoverable grants/social loans, in partnership with local organizations. The project targeted 14 municipalities in Bosnia and Herzegovina, namely Brcko District, Mostar area, Gorazde, Srpsko Gorazde/Kopaci, Rogatica, Visegrad, Bosanska Krupa, Bosanska Bojna, Bosansko Grahovo, Drvar, Zvornik, Lopare/Koraj, Bratunac and Srebrenica. The following is the final narrative report covering the period from 23 June 2003 – 31 July 2004.

Through this project, IRC, in cooperation with its NGO partners and other key stakeholders, directly supported and facilitated economic opportunities for 592 minority returnees, resulting in improving their capacity to engage and sustain their income generation activities and businesses. Project beneficiaries are now better positioned to resume their lives, and more effectively able to contribute to the revitalization of their own communities. The project distributed *302 partially recoverable social loans* and *290 income generation grants* in the form of input packages. In the course of project implementation, IRC and its partners successfully delivered these inputs, based on beneficiaries' specific needs, with minimal delays in spite of obstacles related to the weather and input availability. For social loan beneficiaries, these inputs were mainly agricultural tools, equipment and machinery to assist start-up or expansion of their businesses. With more limited funds, the majority of grant recipients requested livestock to provide food for household and/or market consumption. In terms of repayment, IRC and its partners are pleased to report that from the total number of 302 social loan beneficiaries, *257 beneficiaries* have either completed repayment or are currently repaying by October 2004. In addition, from this 257 figure, *189 beneficiaries* have repaid or are repaying in-cash, and the remaining *68 beneficiaries* have either fulfilled or are fulfilling their in-kind obligations, either through services and/or goods. These repayments have thus far assisted approximately over *2,500 secondary beneficiaries*, which served to promote a sense of community responsibility, philanthropy, and reconciliation within target areas.

The project is strongly community-participation focused, geared towards empowering communities to make their own choices and take actions on their own behalf from a position of strength. Under this project, IRC applied this principle by working *with* communities and *through* their local institutions. For effective implementation of project components, and to ensure the transfer of experience and skills, IRC established strategic sub-grant partnerships with the following 6 local NGOs from the target regions: *Link* from Mostar; *Bosanska Krupa 2001* from Bosanska Krupa; *Refugee Return Service* from Drvar; *Aldi* from Gorazde; *Priroda* from Bratunac; and, *Independent Bureau for Development (NBR)* from Modrica. Under the sub-grantee partnership, these local NGOs increased their organizational and programmatic capacities through 15 training sessions on topics aimed at building staff skills in financial and administrative management, and programming. By the end of the

project, these NGOs increased their knowledge and experience base, and strengthened their ability to serve and assist their own communities.

Moreover, the project improved returnee access to favorable local credit in target communities, and facilitated linkages to competitive markets for the sale of goods and produce. This was achieved through IRC's collaboration with 5 local agricultural cooperatives (*Bjelo Polje, Agrodрина, Vocar, Tarevci, and Agrofour*). To improve the capacity of local cooperatives to assist local producers, cooperative staff also received 10 trainings on similar topics (from the list above) through the course of the project, with specific emphasis on revolving fund management and operation. These NGO and cooperative training sessions were well attended, with 51 participants in total participating. According to these organizations, participation in the project had a very positive impact on staff development, and increased their capacities to assist return communities.

During project implementation, IRC and partner staff faced a number of challenges related to staff changes, selection of cooperatives, the procurement process and repayment period. Nevertheless, these difficulties were addressed in a timely manner and resolved smoothly, with little or no impact on programmatic progress.

II. PROJECT GOAL AND OBJECTIVES

The project has three main objectives:

1. To build sustainable minority return and community revitalization in 14 priority areas across BiH through the provision of integrated enterprise development services to at least 592 minority returnee households;
2. To build the capacity of at least six community-based local NGO partners, and up to three collaborating local cooperatives, enabling them to better serve their communities on a more sustainable basis, through the provision of training, resources, technical assistance and financial support;
3. To support the development and viability of women-headed minority returnee households through the inclusion of at least 118 such households in the above scheme, and to sensitize local partners to gender equality issues in economic development through training and mentoring.

III. PROGRAM ACCOMPLISHMENTS BY PROJECT OBJECTIVES & INDICATORS

Following are IRC's accomplishments through the CRSP program during the reporting period according to Indicator by Objective:

Objective 1: To build sustainable minority return and community revitalization in 14 priority areas across BiH through the provision of integrated enterprise development services to at least 592 minority returnee households.

302 returnee families increased their income-generating capacity through dispersal of recoverable grants/social loans at an average of \$2,000 across locations (target: 302)

As set out in the proposal, IRC and partner NGOs successfully supported 302 returnee families with partially recoverable social loans in the form of agricultural or handicraft input assistance packages.

These beneficiaries were selected by committees formed in each program region and comprised of representatives from IRC, respective partner NGOs, and respective participating local agricultural cooperatives, based on the following criteria: return status (minority returnees and have returned from year 2000 onwards); age (of working age); number of family members; relevant qualifications and knowledge for proposed activity/business; financial stability (earning over 500 BAM per month for a four-member household); and available resources (land, machines/equipment, stables, business space, appropriate infrastructure). Special consideration was given to a particularly vulnerable group, women-led households. Families who benefited from other economic development programs were not eligible to apply.

Social loan beneficiaries received goods and/or equipment in their specific sector of expertise, such as fruit-growing, handicrafts, livestock rearing, bee-keeping and other types of agricultural activities. Each beneficiary household developed a formal business plan, with the assistance of IRC and local NGO partner staff. These plans set out the resources beneficiaries received under the project based on expressed needs.

From among the 302 beneficiaries, the majority (47%) received tools, equipment and machinery, which included building materials for farms and barns, haycutters, and motorcultivators to prepare land for cultivation and production. Another 34% of beneficiaries requested handicraft tools in areas such as the locksmith, blacksmith, carpentry and hairdressing trades to re-start or expand small-scale businesses. About 15% of beneficiaries requested livestock, mainly calves, cows, sheep, and chickens to produce meat, milk, eggs and/or cheese for household and market consumption. A small percentage of beneficiaries - 4%- requested bee-keeping equipment to produce honey for markets. Also, 1 beneficiary requested seeds to grow vegetables. (Refer to *Annex 1 – Beneficiary Selection and Delivery Information*, for details of beneficiary sector interests).

By region, the number of social loans disbursed was as follows:

- Mostar (covering six municipalities in the Mostar area): **92**
- Gorazde (covering Gorazde, Srpsko Gorazde/Kopaci, Rogatica and Visegrad): **62**
- Tuzla (Srebrenica, Bratunac, Brcko District, and Lopare/Koraj¹): **92**
- Bihac (Bosansko Grahovo, Drvar, Bosanska Krupa and Bosanska Bojna): **56**

Part of the beneficiary assistance package included needs-based training and mentoring in specific areas to ensure the success and sustainability of income generation activities and businesses, and mainly targeted social loan beneficiaries. Respective NGO partners carried out a number of training sessions throughout the course of the project in most regions. In Gorazde, the local NGO, *Aldi* held regular training sessions related to starting a business. About 10 trainings were conducted for about 43 social loan beneficiaries. Likewise IRC's partner in the Mostar area, *Link* held regular and informal training sessions for small groups of beneficiaries on topics

¹ At the start of project, USAID requested that IRC exclude Zvornik municipality from its project as other agencies were implementing similar economic assistance activities in the area.

such as, starting a business, marketing, and market analysis, all of which were directed towards specific production areas. About 150 such sessions were carried out, benefiting all 92 social loan beneficiaries. In the Bihac area, NGO partner *Bosanska Krupa 2001* conducted 1 training workshop on agricultural production for 20 beneficiaries.

Recoverable grants/social loans were disbursed per target location according to need (target: 22)

In selecting micro-locations within each project location to target their assistance, IRC and partner staff held meetings with municipal and community representatives, and with their participation, conducted a community economic and micro-credit assessment of local communities. Along with staff field visits, the results of this assessment were used as a basis to select areas appropriate for recoverable social loans. These areas were chosen based on criteria such as: level of return achieved and number of recent returnees; potential and need for economic development; ability of returnees to repay; past assistance received; and the level of experience and skills of returnees. Locations were also selected in cooperation with other agencies such as UNHCR and OHR.

Every effort was made to ensure social loans were equally disbursed in the 14 project locations, which would result in the provision of about 22 loans to each area.² However, during the beneficiary selection process, it was clear that this specific target should be revised to better meet needs, for a number of reasons, which include: differences in the level of need and past assistance received in target locations, and in the level of return to these locations, and/or those that did apply did not qualify for assistance based on other selection criteria. These differences in project locations are reflected in the number of social loans distributed. (Refer to *Annex 1* for a listing of micro-locations by region, and details of the distribution of social loans per location).

290 returnee families increased their income-generating capacity through dispersal of grants at an average of \$900 across all locations (target: 290)

As set out in the proposal, IRC and partner NGOs successfully supported 290 returnee families with income generation grants in the form of agricultural or handicraft input assistance packages.

As opposed to social loans, income generation grants targeted the especially vulnerable, as no repayment is required. Selection committees in each municipal location evaluated beneficiary applications for income generation grants based on some of the same criteria used for social loan applications (such as return status, no. of family members, etc.), and specifically considered: family income (only families earning less than 500 BAM were eligible); and beneficiary age (particularly elderly returnees who would not qualify for social loans). As with social loans, women-led households were given special consideration.

From the 290 recipients of income generation grants, the majority (40.5%) requested livestock, mainly pigs, cows, sheep, goats, and chickens to produce meat, eggs, milk

² In excluding Zvornik, the number of social loans disbursed in each of the project locations increased from 22 to 23.

and/or cheese for household and market consumption. Another 27% of beneficiaries received tools, equipment and machinery, which included mowers, water pump and pipes, ploughs, hay gatherer, and disc harrows for preparing land for growing vegetables and fruits. About 24% of grant beneficiaries received handicraft tools and materials, such as sewing machines, and locksmith and carpentry tools to re-start or expand small-scale businesses. Another small percentage of beneficiaries (8%) received materials and tools related to fruit-growing and horticulture, such as cherry seedlings and juice production equipment to produce fruits and related products. Also, one beneficiary requested bee-keeping equipment. (Refer to *Annex 1 – Beneficiary Selection and Delivery Information*, for details of beneficiary sector interests)

By region, the number of income generation grants disbursed was as follows:

- Mostar (covering six municipalities in the Mostar area): **75**
- Gorazde (covering Gorazde, Srpsko Gorazde/Kopaci, Rogatica and Visegrad): **70**
- Tuzla (Srebrenica, Bratunac, Brcko District, and Lopare/Koraj): **75**
- Bihac (Bosansko Grahovo, Drvar, Bosanska Krupa and Bosanska Bojna): **70**

In addition to the input assistance packages, about 50 grant beneficiaries from the Gorazde area attended one of the sessions on starting a business organized by *Aldi*.

Income generation grants were disbursed per target location according to need (target: 20)

The selection of micro-locations for the disbursement of grants was particularly difficult. Many of the returnees within the project locations fit the criteria developed for grant assistance. Based on discussions with municipal and community representatives, IRC and partner NGOs identified priority areas where the level of earned income is low, the level of need is great and returnees' socio-economic situation does not qualify them for partially repayable social loans.

As with the distribution of social loans, it was difficult to ensure the equal distribution of grants among the project locations, targeting 20 grants in each area, given the differences in the socio-economic situation of returnees, and therefore the disproportion in the level of need in these areas; and some of those that did apply did not qualify for assistance based on other selection criteria.³ (Refer to *Annex 1* for a listing of micro-locations by region, and details of the distribution of grants per location).

2,096 individual minority returnees directly impacted by the provision income generation grants and recoverable grants/social loans (target: 2,368)

Based on the information provided in *Annex 2 – List of Social Loan and Grant Beneficiaries*, the project impacted the lives of approximately 2,096 individual minority returnees.

Staff reports and surveys indicate that the project greatly improved the quality of life of beneficiaries. For many, the assistance enabled them to re-start businesses

³ In excluding Zvornik, the number of grants disbursed in each of the project locations increased from 22 to 20.

impacted by the war or to venture into new income generation activities and initiatives, an investment that would not have been made possible without outside support. They also viewed this kind of economic input as a new beginning for them in their war-devastated communities, with the confidence and security that they now have the means to sustain themselves in their villages.

Among the comments made by beneficiaries, below are few examples of the positive impact the project has had on the quality of their lives:

- “This assistance allowed me to stay with my family in our village, and also I got the opportunity to develop my own business. Since I am a woman, this help means a lot to me.”
- “This machinery enabled me to extend the assortment of products and to generate more income even though I am disabled.”
- “As no one in my family is employed and my wife is on medication, the assistance has significantly improved our life. Now I have 20 beehives and we expect more income through the sale of honey and other products. Now I can buy medicine for my wife and I plan to invest in the expansion of my business.”

76 beneficiaries committed to repaying their partially-recoverable social loans in-kind (target: 212)

In total, across all project areas, 76 social loan beneficiaries committed to repaying 50% of the value of their loan in-kind, either in goods and/or services. In-kind repayments target extremely vulnerable and marginalized community members with needed assistance. Of the 76, 33 beneficiaries have completed their repayments; 35 beneficiaries are currently repaying; and another 8 beneficiaries have not begun making repayments as of October 2004. With regards to the latter group, these beneficiaries thus far have not seen a return on their businesses or income generating activities, to the extent where their repayment obligations can begin. Respective cooperatives in the area will be monitoring these beneficiaries closely, with the help of IRC staff.

A breakdown of beneficiaries repaying in-kind by region is as follows:

- Mostar AOR: 22 *beneficiaries* completed their in-kind repayments; 20 of whom provided fresh vegetables, eggs or meat to the local Center for Social Welfare which goes to the public soup kitchen. The public kitchen serves meals to 600 community members daily. Two beneficiaries donated livestock to their neighbors, benefiting 7 secondary beneficiaries.
- Gorazde AOR: 30 *beneficiaries* are currently repaying either by providing reconstruction and agricultural services to over 2,000 secondary beneficiaries, such as cutting grass, ploughing, installing building materials, painting a local clinic, and milling cereals; or providing eggs, vegetables and/or staple foods to the local ICRC public kitchen which serves 60 community members daily; 1 *beneficiary* completed repayment to the public kitchen; and 7 *beneficiaries* have not started repaying.
- Tuzla AOR: 2 *beneficiaries* completed their repayments, one by employing another community member full-time in the locksmith trade, and the other by providing land cultivation services to 12 secondary beneficiaries; 1 *beneficiary* continues to repay by providing similar cultivation services to 20 secondary beneficiaries; and 1 *beneficiary* has not started repayment.

- Bihac AOR: 8 *beneficiaries* completed repayment by providing apprenticeships, construction or locksmith services to 40 secondary beneficiaries; and another 4 *beneficiaries* are currently repaying in the form of carpentry or upholstery services, or distributing beeswarms, benefiting 34 secondary beneficiaries.

For more details, refer to *Annex 2*.

226 beneficiaries committed to repaying their partially-recoverable social loans in-cash (target: 90)

Across all project areas, 226 social loan beneficiaries committed to repaying 50% of their loan in cash to local agricultural cooperatives. Of the 226, 3 beneficiaries completed their repayments; 186 beneficiaries are currently repaying; and another 37 beneficiaries have not begun making repayments as of October 2004. Once again, the latter group thus far have not seen a return on their businesses or income generating activities, to the extent where their repayment obligations can begin. Respective cooperatives in the area will be monitoring these beneficiaries closely, in addition to currently-repaying beneficiaries, with the help of IRC staff.

A breakdown of beneficiaries repaying in-cash by region is as follows:

- Mostar AOR: all 70 *beneficiaries* are currently repaying.
- Gorazde AOR: 18 *beneficiaries* are currently repaying; and another 6 *beneficiaries* have not started repayments.
- Tuzla AOR: 3 *beneficiaries* completed repayment; 59 *beneficiaries* are currently repaying; and 26 *beneficiaries* have not started repaying.
- Bihac AOR: 39 *beneficiaries* are currently repaying; and another 5 *beneficiaries* have not started repaying.

As the numbers indicate, the majority of social loan beneficiaries preferred to repay in-cash, contrary to expectations laid out at the start of the project. This is the case in every region with the exception of the Gorazde area where the majority of its social loan beneficiaries (about 60%) chose to repay in-kind. From staff reports, it is clear that most beneficiaries opted for the in-cash repayment scheme as it is perceived to a more comfortable and easier option than repaying through services or goods. These in-cash repayments will go towards a revolving fund, managed by local cooperatives, for further loan dispersals at favorable rates to community members. This will enable those not directly targeted under the project to access similar assistance for income generating activities.

For more details, refer to *Annex 2*.

High level of satisfaction with project services expressed by grant and recoverable grant/social loan beneficiaries across all project locations

In an internal evaluation conducted by IRC staff in July 2004, a survey was administered to social loan and grant beneficiaries in all project regions to assess their satisfaction with the services they received under the project. The results of the survey were very positive in all areas. IRC staff interviewed a total of 77 beneficiaries, or 16% of total beneficiaries, broken down as follows: 25 from Tuzla, 14 from Bihac, 22 from Mostar, and 16 from Gorazde.

When asked about project services such as the application process, communication, quality and distribution of materials, 99% percent of respondents listed themselves as satisfied or very satisfied. The respondents who received business plan assistance or training, were mostly satisfied or very satisfied, with about 18% of respondents answering “neutral” about the effectiveness of the trainings. However, over 50% of respondents chose *Not Applicable* to these questions, due to the fact that project components were not implemented in some areas, and were only partially carried out in other areas.

The second part of the survey consisted of short answer questions. Respondents overwhelmingly answered that the project had improved their quality of life, and that they were better able to earn income with goods and equipment received through the project.

Beneficiary suggestions for improvement by region are as follows:

- **Gorazde:** The main feedback from respondents was that such assistance should continue in the future. Other suggestions included targeting mainly rural populations, allowing beneficiaries to participate in selecting suppliers, decreasing the period of time between selection and distribution, increasing assistance amount, and the importance of maintaining a presence in the community.
- **Mostar:** Several respondents stated the need to improve the selection process through better publicity and community meetings. It was stated that many people were not informed about the project, and that the process was not sufficiently transparent. Other suggestions noted the need for consultancy services for small business people, and more direct contact with the local agricultural cooperative. Another observation was that instructions for received equipment are often not in the local language, and therefore recipients cannot effectively utilize the goods. Others mentioned that beneficiary selection should be done with more care, and that the process should involve more people.
- **Tuzla:** Several beneficiaries cited the need to increase the amount for social loans and grants, and that the cattle provided should be of higher quality. Other suggestions included job location assistance, longer time for repayment, and to include more families.
- **Bihac:** Several respondents cited the need to include a greater number of younger returnees in the project. One respondent mentioned supporting organized groups of returnees based on specialties such as agriculture, construction, etc. Several respondents mentioned decreasing the amount of repayment or increasing the repayment period, and speeding up the selection/distribution process.

IRC has taken these responses into consideration when planning its current, follow-on project, many of which are currently being implemented.

High level of satisfaction with impact of project on local economic revitalization expressed by involved local government

During the internal evaluation conducted by IRC staff, a survey was administered to key stakeholders in all project regions to assess their satisfaction with the impact of the project on the local economy of their communities.

The main stakeholders for each area are the local governments. Therefore, in total 13 government representatives were interviewed. Questions asked about the community development plan of each region, and tried to determine if the project helped to meet those goals. A common goal across all areas was the need to develop small- and medium-sized businesses. There was general recognition that the project helped to further this goal by supporting SME growth. While government representatives generally recognized that the project assisted them to meet their objectives, they also cited that project funds were not sufficient “to cover the needs of all those who need assistance,” and suggest that there are many more potential beneficiaries.

The final question asked respondents how they would be able to contribute to a similar project in the future. They gave specific answers ranging from assistance in implementation, contributing financially, monitoring and donating land.

Effective in-kind community service repayments of recoverable grants/social loans in promoting community responsibility and philanthropy

The internal evaluation conducted in July looked critically at the effectiveness of in-kind repayments made in services or goods to secondary beneficiaries, and whether this type of repayment had any impact on the sense of community philanthropy or responsibility. Responses from a questionnaire administered to a total of 26 primary and secondary beneficiaries showed the project contributed in reconciling community members and in encouraging community contribution.

The project has had a great impact in raising the awareness of primary beneficiaries of the poor living conditions of other community members. Most primary beneficiaries felt that providing the services allowed them to see how returnees who they were assisting lived, and that they were often motivated to provide services beyond what they were required. A few of the following responses best captures the impact on project beneficiaries:

- “After I saw where the people kept their dishes, I made even more kitchen cabinets for them. I did not know that some returnees were so poor and vulnerable.”
- “You should have seen their happiness after I had finished my job. It was free for them, otherwise they would not have been able to do it.”

Equally positive were the responses from secondary beneficiaries who felt the services provided reached the most vulnerable, because they would not have been able to pay for the services they received free of charge. They also stated that money not spent on necessary home repairs, or other in-kind services provided would have been spent on food. A few of the following responses best captures the impact on secondary beneficiaries:

- “I wouldn’t have been able to pay for this service because I do not have enough money even for food.”
- “Definitely yes, because I have saved money that would have had to spend on the reconstruction of my house, and now I can buy food instead.”

To date, through in-cash and in-kind repayments, project beneficiaries have assisted approximately over 2,500 secondary beneficiaries.

Objective 2: To build the capacity of at least six community-based local NGO partners, and up to three collaborating local cooperatives, enabling them to better serve their communities on a more sustainable basis, through the provision of training, resources, technical assistance and financial support.

6 local NGO partners involved in project implementation (target: minimum 6 NGOs)

IRC selected 6 local organizations to participate as sub-grantee partners under this project, as follows: *Link*, covering covering six municipalities in the Mostar area; *Bosanska Krupa 2001*, covering Bosanska Krupa and Bosanska Bojna; *Refugee Return Service*, covering Bosansko Grahovo and Drvar; *Aldi*, covering Gorazde, Srpsko Gorazde/Kopaci, Rogatica and Visegrad; *Priroda*, covering Srebrenica and Bratunac; and *Independent Bureau for Development*, covering Brcko District and Lopare/Koraj.

During the proposal design phase, IRC identified and selected these local NGOs to partner with under this project based on field visits and assessment tools using a number of criteria, including their past cooperation with IRC; their well-established relationship and knowledge of target minority communities; demonstrated commitment to the goal and objectives of the project which are in line with their own missions; existing technical expertise on economic and business development issues; and effective program and financial management skills and systems. To assess the last criterion, IRC staff conducted organizational and financial capacity assessments prior to the start of the project.

5 local agricultural cooperatives participated in project implementation (target: up to three cooperatives)

IRC selected 5 local agricultural cooperatives to participate in this project, as follows: *Bjelo Polje*, covering covering six municipalities in the Mostar area; *Agrofour*, covering Bosanska Krupa, Bosanska Bojna, Bosansko Grahovo and Drvar; *Agrodrina*, covering Gorazde, Srpsko Gorazde/Kopaci, Rogatica and Visegrad; *Vocar*, covering Srebrenica and Bratunac; and *Tarevci*, covering Brcko District and Lopare/Koraj.

Through field visits and assessments, IRC selected these institutions to receive repayment funds in the designated areas, with the intent of increasing access to favourable credit in return communities using these funds, and creating linkages with project beneficiaries. Their selection was based upon a number of factors, among which were: demonstrated capacity and interest to responsibly manage the collection of social loan repayments, and the efficient and effective further distribution of these funds; extensive knowledge of and experience in return communities; effective organizational and management structure; good financial standing; wide membership base; and clear strategic plan.

High level of satisfaction with project partnership experience expressed by key local NGO and collaborating cooperatives' staff

As part of the internal evaluation, all six local partner NGOs and two agricultural cooperatives (Vocar and Agrofour) responded to a questionnaire designed to gauge the satisfaction with their partnership with IRC during the course of the project. The results were very positive, with 100% of respondents reportedly satisfied or very satisfied with the support they received from IRC during the project implementation. On the whole, representatives of these organizations noted mutual trust and respect, professionalism, continuous support in the field, and tolerance in their partnership with IRC. Additionally, respondents noted that their partnership with IRC was an opportunity to help returnees; establish contacts with other NGOs involved in the project; promote their work; and, increase their knowledge and experience in managing economic development projects and applying IRC procedures.

Some of the feedback received by respondents reflects the level of satisfaction with their partnership with IRC:

- “I knew that I could call at any time and get needed explanations, exchange opinions and experiences, and get information about the work of other co-operatives.”
- “The staff members of IRC were constantly available and offered advisory support on many issues, in order for us to implement the project in the most efficient way.”

Respondents noted recommendations for maintaining and improving the partnership with IRC, among which included: increasing their involvement in project design and the selection of beneficiaries; organizing training programs to coincide with related project activities; continuing the level of communication and sharing; and improving administrative and logistical regulations.

Positive impact of local cooperative revolving funds

Under the project, participating local agricultural cooperatives created revolving funds to which in-cash repayments made by social loan beneficiaries will be channelled. These revolving funds are intended to give return communities access to favourable credit.

IRC administered a questionnaire to representatives of local cooperatives to gauge the impact of revolving funds on their institutions, focusing on the amount expected to be repaid in-cash (and repaid to date) by social loan beneficiaries. The five cooperatives surveyed expect to receive a total of **387,787 BAM** through beneficiary in-cash repayments; 90% of which total will go into revolving funds, and the remaining 10% will be retained by the cooperatives to cover operating costs.

To date, local cooperatives have collected a total of **100,016 BAM** from social loan beneficiaries, with a breakdown by region as follows:

- Mostar AOR: *Bjelo Polje* cooperative has collected *31,908.77 BAM* from *70 beneficiaries*.
- Gorazde AOR: *Agrodrina* cooperatives has collected *5,563.20 BAM* from *18 beneficiaries*.

- Tuzla AOR: *Vocar* and *Tarevci* cooperatives has collected 42,007.89 BAM from 62 beneficiaries.
- Bihac AOR: *Agrofour* cooperative has collected 20,535.94 BAM from 39 beneficiaries.

All five cooperatives have started to evaluate potential clients in their respective regions to receive credit from revolving funds, having received a large number of applications for this type assistance, and have thus far approved and distributed loans to **13 secondary beneficiaries**, with loans ranging in amount from 2,000 – 5,000 BAM.

By region, the number of secondary beneficiaries receiving loans from revolving funds is thus far as follows:

- Mostar AOR: 5 secondary beneficiaries.
- Tuzla AOR: 5 secondary beneficiaries.
- Gorazde AOR: 2 secondary beneficiaries.
- Bihac AOR: 1 secondary beneficiary.

Loan applications were approved based on clients' resources, current levels of production; the potential for production growth; credit history; ability to repay; and family size. Cooperatives will continue to receive and review applications, and approve and disburse credit to applicants based on set criteria through regular evaluation sessions held for this purpose. According to cooperative representatives, the impact of the project on the local community is the decrease in the number of vulnerable families through access to credit, and a strengthening of local agricultural production sector.

Cooperative Case Story

Immediately after the war, a group of market-oriented producers from the Mostar area decided to set up a local agricultural cooperative in 1995, known as *Bjelo Polje*. Their mission focused on assisting producers in economically devastated Mostar to re-start agricultural production in their communities. For nearly 10 years, the cooperative has provided their members with cost-effective inputs, such as seeds, fertilizers, and tools and equipment. Assistance also included technical advice and links to markets to cultivate buyers for their produce. The cooperative has received funding from international organizations over the years, but according to IRC staff who have worked closely with the cooperative, it is the pro-activeness and energy of its staff and board members which has made this cooperative incredibly successful in providing goods and services to its members, and in cultivating a positive reputation in the community.

One of the cooperative's program aims is to be able to offer favourable credit to its members. Prior to its involvement in the project, the cooperative has been managing a limited revolving fund directed towards providing small inputs such as fertilisers and seeds to local farmers on credit. Through its participation in the project with IRC, the cooperative now manages a new revolving fund currently worth 31,908.77 BAM, collected from 70 project beneficiaries, and has the potential to grow to nearly 111,500 BAM. This revolving fund offers producers with greater flexibility, providing access to larger inputs and the opportunity to invest in various agricultural sectors and interest. The cooperative director, Ms. Zerina Zaklan summed up her view

of the project, “One of the main problems in agricultural production in this area today is the fact that banks and microcredit institutions do not offer competitive loans that are appropriate to the types of production or to the needs of producers. Through the revolving fund received under this project, we will be able to improve and develop our services to more than 200 of our members, and further support their production needs by making credit more accessible at favourable rates.”

Positive impact on sustainability and growth of local NGO partners

In addition to providing financial support, IRC invested in the capacity building needs of local NGOs partners to further strengthen their ability to work with and support beneficiaries under the project. Along with mentoring these organizations, IRC organized 15 training sessions on such topics as: needs assessment tools and techniques; business plan writing; financial procedures and management; gender issues in economic development projects; media strategy development; organizing press conferences; marketing plans; staff development; team-building; conflict resolution; feasibility studies; policy and research analysis; micro-credit programs; and proposal development. English language courses were also delivered to select NGO partner staff from *Link* and *Aldi*.

The capacity building component of the project also included participating local cooperatives, which were invited to attend 10 of these trainings, and IRC held a specific session for these institutions on revolving fund management and operation. A total of 51 participants attended the trainings from all 6 NGOs and 5 local cooperatives. Professional national trainers facilitated all sessions, with the exception of the training on revolving funds facilitated by IRC staff.

The six local partner NGOs and two agricultural cooperatives (Vocar and Agrofour) responded to a second questionnaire designed to gauge their satisfaction with the training programs and the impact of this kind of activities. The results does in fact indicate that the project's capacity building component had an impact in increasing the organizational and programmatic capacities of these institutions. All respondents were either satisfied or very satisfied with the training topics and the quality of the training received, many of whom stated the sessions addressed their specific needs and increased their capacities. Some respondents noted an increased recognition of their work in the community, and a more positive standing among donors, which is hoped will increase opportunities for further work in this field.

The following responses presents some of the feedback received by respondents:

- “As the support consisted of many segments (training programs, financial support for materials and human resources), we are very satisfied with the quality and the quantity of it.”
- “Through partnership with IRC, we became an important partner in our local community, and we succeeded to implement other projects, supported by other donors.”
- “We can speak not only about the growth but the development of the organization too, which is especially visible through the development of policies and procedures and the program staff as well.”

On the whole, respondents commended IRC's approach in carrying out the capacity building program. Specific recommendations for improvement include: expanding the number of participants from each organization; improving the timing of trainings so as to avoid overlap with other project activities; and to continue using assessments which identify specific needs of partners.

Objective 3: To support the development and viability of women-headed minority returnee households through the inclusion of at least 118 such households in the above scheme, and to sensitize local partners to gender equality issues in economic development through training and mentoring.

69 female-led households (about 12%) increased their income-generating capacity through dispersal of recoverable grants/social loans and grants (target: 118, 20% of total)

IRC made every effort to direct a portion of assistance to female-led minority households. Out of 592 social loans and income-generation grants, 69 were distributed to this particularly vulnerable group (53 recipients of grants and 16 recipients of social loans). This figure represents about 12% of the total assistance disbursed to beneficiaries, short of the 20% target set at the start of the project across all project locations.

In spite of efforts to pay particular attention to this group, female-headed households were found to be low in number in impact areas, or those that did apply did not qualify for assistance based on other selection criteria. This was case in every project region, with the exception of the Tuzla area, as indicated below:

- Mostar AOR: 13 female-led households from 167 social loan and grant beneficiaries, representing about 8%.
- Gorazde AOR: 8 female-led households from 132 social loan and grant beneficiaries, representing about 6%.
- Tuzla AOR: 37 female-led households from 167 social loan and grant beneficiaries, representing about 22%.
- Bihac AOR: 11 female-led households from 126 social loan and grant beneficiaries, representing 9%.

IV. BENEFICIARY CASE STORIES

Beneficiary Case Story #1

Kandic family

Mostar area

Mr. Nedeljko Kandic, 70, returned to his repaired home in Rastani, near Mostar in 2002, with his son, Sasa, and his son's wife and young child. Upon hearing about IRC's economic assistance project in the area, Mr. Kandic contacted IRC staff directly and inquired about applying for a social loan on behalf of his adult old son. He explained that his son, though extremely hardworking and skilled, was reluctant to apply himself, fearful of not being able to fulfill his repayment obligations. Once their social loan application was approved, Mr. Kandic insisted on signing the beneficiary contract, stating that he will sell his property if necessary to ensure repayment is completed.

Through the project, Sasa received car painting tools as a social loan based on his expressed need, and his experience and skill in this trade when the family was living as refugees in Trebinje. Prior to receiving assistance, Sasa owned basic equipment with which he was able to carry out minor car painting repairs for very little or no income. As a result of IRC's assistance, Sasa's business has flourished, and to date, Sasa has never failed to make a cash repayment on time to the local agricultural cooperative, *Bjelo Polje*. Sasa's repayment obligation is valued at over 2,000 BAM, of which he has repaid about 50%. He expects to complete repayment in March 2005.



Sasa Kantic working on painting repairs with equipment provided under the project

During field visits, staff would consistently find Sasa working in his shop, always smiling and with words of gratitude: "I am really grateful to my father who has so much faith in me, and also were it not for IRC's program, I would not have been able to start my own business. When we returned, I was unemployed and could not get a job in the state-owned factory like before the war. With a small child, and a family, We needed to earn an income somehow. Now, I am working hard, and living well thanks to this program."

Beneficiary Case Story #2

Ahmet Rahimic

Mostar area



An estatic Mr. Rahimic with the cow he received under the project

Ahmet Rahimic and six of his family members returned to their repaired home in Pijesci near Mostar in 2000. They returned after living as internally displaced persons in Bjela Polje. Since returning, he and his family have been living under very difficult conditions, with four of his household small children, and only his son earning a small income as a seasonal laborer. The family also grows fruits and vegetables largely for household consumption.

Mr. Rahimic applied for an income generation grant under the project,

and put in a request for a cow so that he can provide milk to his grandchildren. Once he was informed his application was successful, and that he was to receive a cow, he began to cry saying, "I cannot believe that somebody will give me something." On the day scheduled for delivery, Mr. Rahimic waited the entire day on the main road, fearful the cow will be sent to the wrong address. When the cow was finally delivered, he said with tears in his eyes, "Thank you. I cannot believe that there are still good and honest people in this world." Mr. Rahimic uses the cow for milking and making cheese and butter to feed his family.

Beneficiary Case Story #3

Muska Halilovic Srebrenica Municipality

Ms. Halilovic is one of 69 female-headed households who received assistance through this project. She returned to Bajramovici, Srebrenica in 2000 with her ill husband, four children, and her grandparents. They were able to return to their home, after receiving shelter assistance provided by another organization. Since their return, her family has faced unemployment and poverty, with her and her husband earning a small income working occasionally as agriculture laborers. After hearing about IRC's program, Ms. Halilovic placed an application for a social loan to start an egg production business, a venture she has some experience in having worked on a chicken fattening farm in Banovici municipality during and after the war. Through the project, she received 250 chickens and chicken feed to begin operations, while she provided the space for her business. Ms. Halilovic committed herself to repaying 50% of her social loan in-cash to the local agricultural cooperative, *Vocar*. Thus far, she has repaid 45% of her social loan, with the total value of her repayment being over 500 BAM. She expects to complete repayment to the cooperative by December 2004. Her chicken fattening business, now the family's main source of income, is doing well, so much so that she has been able to purchase goats with profits gained from her business.



Ms. Halilovic with goats she purchased as result of assistance she received through the project

Beneficiary Case Story #4

Salih Hetu Srpsko Gorazde Municipality

Mr. Hetu and his family returned to Zapljjevac, Srpsko Gorazde in 2000, having lived as refugees in Gorazde. He returned to his pre-war home, repaired by IRC with UNHCR funds, with five other household members. Prior to the war, he worked for a metal production factory in Kopaci. As many of these industries were destroyed during the war, he began to engage in small-scale agriculture activities, from which he earned a small amount of income. With the desire to expand production, Mr. Hetu applied for a social loan through IRC's program and was selected to receive a

greenhouse in which he now produces vegetables. Prior to assistance, he owned a number of small tools for this kind of production, and was also able to contribute seeds to the venture. Mr. Hito is committed to repaying 50% of his social loan in-kind, through the provision of vegetables to the ICRC public kitchen in Gorazde, which provides meals to 60 needy people daily. The total value of his repayment is 1,350 BAM. Thus far, Mr. Hito has repaid about 960 BAM in vegetables, or approximately 71% of his commitment. He expects to complete his obligation to the public kitchen by March 2005.



Mr. Hito next to his greenhouse

Beneficiary Case Story #5

Milan Ljubojevic

Vranjska, Bosanska Krupa



Mr. Ljubojevic at work with his carpentry tools

committed to repaying in-cash to the local agricultural cooperative, *Agrofour*. Thus far, he has repaid 60% of his loan, and is expected to complete his obligations in December 2004. After making much effort to find some form of assistance from various agencies, Mr. Ljubojevic feels grateful to the project, stating, “[IRC] was the only organization that made a visit upon my return and provided me with necessary assistance to start my business and to earn an income for my family.” Mr. Ljubojevic services over 15 households, particularly new returnees requiring his services to reconstruct their homes. The services he provides ranges from flooring, making doors and window frames, and other small-scale repairs.

Mr. Ljubojevic and his wife returned to their home in Vranjska in 2000. Before their return, he lived with his family in Gradiska in the Republic of Srpska as refugees, earning an income as a laborer. In his village, Mr. Ljubojevic was a well-known carpenter. Given his experience and skills, he requested carpentry tools as a social loan under this project. The value of his loan repayment is about 1,100 BAM, which he is

V. CONSTRAINTS AND CORRECTIVE MEASURES

During the course of the project, IRC and partner staff faced a number of challenges, which were successfully addressed and which caused minimal disruption to implementation, among the more significant were:

Staff changes

In February 2004, eight months after the start of the project, IRC's Economic Development Program Manager, Mirela Hercegovac - Barukcic left the organization, and was replaced by an existing staff member, Adela Hadziabdic. The change had minimal impact on the project's progress given Adela's involvement in the project from its inception.

Selection of Social Loan and Grant Beneficiaries

IRC and partner staff made every effort to avoid mixing social loans and grants in the same micro-locations. However, this was quite difficult based on the specific needs and circumstances of selected beneficiaries. Though no major difficulties arose as a result, it required more time than anticipated in some areas to discuss the specific criteria developed for each type of assistance, and to gain community acceptance and trust.

Selection of Local Cooperatives

During the October-December 2003 quarter period, IRC selected the agricultural cooperative, *Srebrenica* from Srebrenica to be involved in repayment collection and monitoring for the areas of Srebrenica and Bratunac municipalities. However, at USAID's request, activities with the cooperative were suspended, a decision that was finalized in April 2004. As early as March, staff began identifying another local cooperative to work with to ensure a cooperative is selected prior to the start of beneficiary in-cash repayments. IRC selected Vocar cooperative, and finalized and signed an MoU with the institution during the April-June quarter.

Procurement Process

The procurement of goods and equipment took longer than initially expected. This was attributed to a number of factors, mainly: the limited availability of specific types of livestock and equipment requested by beneficiaries, and therefore working with beneficiaries to come to an acceptable solution; and limited availability when large quantities of similar items were requested from suppliers.

Repayment Period

Given the short timeframe of the project period, and the unanticipated length of the selection process (completed by March 2004), most beneficiaries were not able to complete their in-cash and in-kind repayments of social loans by the end of the project. A longer implementation period would have enabled more time to monitor and follow-up repayment activities. In spite of this, IRC has selected partner cooperatives and institutions (such as the Red Cross and Centers for Social Welfare for in-kind repayments) that are well-positioned to continue collecting and monitoring repayments. These organizations both have the capacity and interest to monitor and collect in-cash and in-kind repayments, as the repayments serve their clients/beneficiaries. IRC trained and mentored these institutions to fulfil this role, and is confident repayments will be completed according to plan.

Moreover, local cooperatives faced difficulties collecting in-cash repayments from a few social loan beneficiaries, specifically 2 beneficiaries in the Bihac area and 4 beneficiaries from the Tuzla area. These beneficiaries returned their goods and equipment to IRC and partner staff, who then re-evaluated their pool of potential beneficiaries and selected 4 new beneficiaries by the end of the project, with another 2 beneficiaries still to be selected by Tarevic cooperative. IRC is closely monitoring the cooperative through the process. Once again, this caused delays in the start of the new beneficiaries' repayment plans.